

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 273406

E.O. 11652: N/A

TAGS: BEXP, ID

SUBJECT: MAJOR PROJECT, SUGAR MILL CONSTRUCTION

REF: JAKARTA 14462; SURABAYA 0532; STATE 269715

1. IN VIEW OF YOUR STATED NEED FOR A PROMOTION EVENT IN THE SUGAR INDUSTRY TO BE MOUNTED IN THE NEXT TWO TO THREE MONTHS AND IN VIEW OF THE GREAT OPPORTUNITY PRESENTED BY THE GOI DECISION TO BEGIN LORK ON SIX NEW SUGAR MILLS, MAJOR PROJECTS USDOC SUGGESTS A DUAL PURPOSE TASK FORCE APPROACH.

2. FIRST THE TASK FORCE WOULD BE MADE UP OF THOSE FIRMS WHICH COULD PARTICIPATE IN THE PROPOSAL TO BE MADE TO BKU PNP TO TURNKEY THE SIX NEW MILLS. SECOND, SINCE THOSE FIRMS WOULD COVER THE MAJOR MANUFACTURERS OF THE U.S. SUGAR INDUSTRY, THEY COULD ALSO TRAVEL TO SURABAYA OR OTHER LOCATIONS TO TALK WITH OFFICIALS OF JOINT SUGAR PROJECTS UNIT AND PRIVATE SUGAR MILLS AS SUGGESTED BY AMCONSUL SURABAYA.

3. MEPD CONTACTS WITH MAJOR FIRMS IN SUGAR INDUSTRY HAVE
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GENERATED GREAT INTEREST IN PUTTING TOGETHER A PACKAGE

PROPOSAL FOR SIX NEW MILLS. MAJOR PROBLEM ENCOUNTERED

HERE IS CONVINCING ENGINEERS THAT PACKAGE MUST BE LED BY EQUIPMENT FIRM. BUT BELIEVE FIRMS ARE PREPARED TO MODIFY APPROACH TO SUIT THE REQUIREMENTS.

4. DISCUSSION THIS WEEK WITH SEVERAL FIRMS HAS REVEALED THAT THEY HAVE SCHEDULED A MEETING FOR WEEK OF DECEMBER

16. PARTICIPANTS ARE FULTON IRON WORKS, WESTERN STATES MACHINERY, DORR OLIVER AND LANG ENGINEERING. AT THIS MEETING IT IS EXPECTED THAT DECISION TO MAKE PROPOSAL WILL EMERGE. MEETING COULD NOT BE HELD SOONER BECAUSE CHIEF OFFICERS OUT OF THE COUNTRY. REQUEST EMBASSY CONTACT M. SATAR LOEBIS WITH THIS INFORMATION AND REQUEST HE EXTEND DEADLINE TO GIVE U.S. FIRMS TIME TO RESPOND.

5. MAJOR PROJECTS HAS REQUESTED THAT THE SECOND PART OF THE DUAL PURPOSE TASK FORCE ALSO BE CONSIDERED AT THAT MEETING. FIRMS HAVE SHOWN INTEREST IN THIS ASPECT ALSO AND MEPD EXPECTS A POSITIVE REPORT.

6. ANOTHER FACET OF WASHINGTON PLANNING FOR THE TASK FORCE IS THAT THE BOARD MEMBERS OF SESEA (SUGAR EQUIPMENT AND SERVICES EXPORTERS ASSOCIATION INC. HAVE SUGGESTED HOLDING A BOARD MEETING IN JANUARY AT WHICH PROJECT WILL BE DISCUSSED. MEPD AND EXIM WILL BE INVITED TO ATTEND. EXPECT THAT DURING TWO MEETINGS DECISION WILL BE MADE AS TO WHICH FIRMS WILL VISIT INDONESIA.

7. AS AID TO DISCUSSION AT SESEA MEETING WILL EMBASSY PLEASE COMMENT FURTHER ON FINANCING? U.S. SUGAR INDUSTRY VERY CONCERNED THAT IF EXIM IS NOT ABLE TO OFFER FINANCING U.S. WOULD HAVE NO CHANCE. IS THIS TRUE OR WILL GOI FINANCE A PORTION? INDUSTRY SEEMS TO BE VERY COGNIZANT OF FACTORS CONCERNING SUGAR PRODUCTION IN INDONESIA BUT VERY UNSURE ON FINANCING. CAN YOU PROVIDE ADDITIONAL INFO BEFORE MID-JANUARY MEETING. ALSO DOES GOI KNOW YET ON WHICH ISLANDS THE NEW PLANTATION AND SIX NEW MILLS WILL BE LOCATED? YOUR ASSISTANCE APPRECIATED.
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